

REQUEST FOR PROPOSAL



Department of Executive Services
Finance and Business Operations Division
Procurement and Contract Services Section
206-684-1681 TTY Relay: 711

DATE ADVERTISED: **August 31, 2006**

RFP Title: **Annual Audit for Metro Transit and/or Metro Water Quality Enterprises**

Requesting Dept./ Div.: **King County Department Executive Services – Finance & Business Operations Division – FMS**

RFP Number: **138-06RLD**

Due Date: **September 22, 2006 – no later than 2:00 P.M.**

Buyer: **Roy L. Dodman, roy.dodman@metrokc.gov, (206) 263-4267**

Pre-Proposal Conference:

A conference to discuss questions related to this RFP shall be held at **10:00 a.m. on Wednesday, September 13, 2006**, in the Conference Room on the 8th Floor of the Exchange Building, 821 Second Avenue, Seattle, WA 98104.

Sealed Proposals are hereby solicited and will **ONLY** be received by

**King County Procurement Services Section
Exchange Building, 8th Floor
821 Second Avenue
Seattle, WA 98104-1598**

Office Hours - 8:00 a.m. - 5:00 p.m.
Monday - Friday

SUBMITTERS MUST COMPLETE AND SIGN THE FORM BELOW (TYPE OR PRINT)

Company Name		
Address		City/State/Zip Code
Signature	Authorized Representative / Title	
E-mail	Phone	Fax
Prime Proposer SEDB Certification number (if applicable - see Section II, Part F of this RFP)		
Sub-Consultants SEDB Certification numbers (if applicable)		

This Request for Proposal will be provided in alternative formats such as Braille, large print, audio cassette or computer disk for individuals with disabilities upon request.

[If you received or downloaded this document in .pdf format, a MS Word copy may be obtained by contacting the buyer listed above. This MS Word document will be transmitted by e-mail.](#)

Sealed proposals are hereby solicited and will be received only at the office of the King County Procurement Services Section at 821 Second Avenue, 8th Floor, Seattle, Washington, 98104 no later than 2:00 p.m. on the date noted above regarding the *Annual Audit Services* and agreed upon procedures work for Metro Transit and/or annual audit services for Water Quality, sponsored by the *King County Department of Executive Services – Finance & Business Operations Division – Financial Management Section*. These services shall be provided to King County in accordance with the following and the attached instructions, requirements, and specifications.

Submittal: King County requires the Proposer to sign and return *this entire Request for Proposal (RFP) document*. The Proposer shall provide *one unbound original* and *six (6) copies* of the proposal response, data or attachments offered, for *seven (7) items* total. The original in both cases shall be noted or stamped "Original".

Pre-Proposal Conference: A conference to discuss questions related to this RFP shall be held at 10:00 a.m. on Wednesday, September 13, 2006, in the Board Room Conference Room on the 8th Floor of the Exchange Building, 821 Second Avenue, Seattle, WA 98104. See link for driving instructions.

<http://metrokc.gov/procurement/contact/findus.aspx>.

Questions: After the Pre-Proposal Conference, Proposers will be required to submit any further questions in writing prior to the close of business Monday, September 18, 2006 in order for staff to prepare any response required to be answered by Addendum. Questions are best received and most quickly responded to when sent via e-mail directly to the following King County procurement personnel: *Primary* – Roy L. Dodman, Senior Buyer roy.dodman@metrokc.gov / *Secondary* – Cathy Betts, Buyer cathy.betts@metrokc.gov. Questions may also be sent via fax or mail to the address above.

SECTION I – GENERAL INFORMATION

- A. King County is an Equal Opportunity Employer and does not discriminate against individuals or firms because of their race, color, creed, marital status, religion, age, sex, national origin, sexual orientation, or the presence of any mental, physical or sensory handicap in an otherwise qualified handicapped person.
- B. All submitted proposals and evaluation materials become public information and may be reviewed by appointment by anyone requesting to do so *at the conclusion* of the evaluation, negotiation, and award process. This process is concluded when a signed contract is completed between King County and the selected Consultant. Please note that if an interested party requests copies of submitted documents or evaluation materials, a standard King County copying charge per page must be received prior to processing the copies. King County *will not* make available photocopies of pre-printed brochures, catalogs, tear sheets or audio-visual materials that are submitted as support documents with a proposal. Those materials will be available for review at King County Procurement.
- C. No other distribution of proposals will be made by the Proposers prior to any public disclosure regarding the RFP, the proposal or any subsequent awards without written approval by King County. For this RFP all proposals received by King County shall remain valid for ninety (90) days from the date of submittal. All proposals received in response to this RFP will be retained.
- D. Proposals shall be prepared simply and economically, providing a straightforward and concise but complete and detailed description of the Proposer's abilities to meet the requirements of this RFP. Fancy bindings, colored displays and promotional materials are not desired. Emphasis shall be on completeness of content.
- E. King County reserves the right to reject any or all proposals that are deemed not responsive to its needs.
- F. In the event it becomes necessary to revise any part of this RFP, addenda shall be created and posted at the King County Procurement web site. Addenda will also be conveyed to those potential submitters providing an accurate e-mail address. If desired, a hard copy of any addenda may be provided upon request.
- G. King County is not liable for any cost incurred by the Proposer prior to issuing the contract.

- H. A contract may be negotiated with the Proposer whose proposal would be most advantageous to King County in the opinion of the King County Department of Executive Services, all factors considered. King County reserves the right to reject any or all proposals submitted.
- I. It is proposed that if a selection is made as a result of this RFP, a contract with fixed price/prices will be negotiated. Negotiations may be undertaken with the Proposer who is considered to be the most suitable for the work. This RFP is primarily designed to identify the most qualified firm. Price and schedule will be negotiated with the "first choice" Proposer; negotiations may be instituted with the second choice and subsequent Proposer until the project is canceled or an acceptable contract is executed.
- J. This RFP is for the Metro Transit and Water Quality Enterprise agencies of King County. The Contractor will be required to sign and comply with the Federal Transit Administration's (FTA)'s required documentation, for contract services done for Metro Transit.
- K. The contents of the proposal of the selected Proposer shall become contractual obligations if a contract ensues. Failure of the Proposer to accept these obligations may result in cancellation of their selection.
- L. A contract between the Consultant and King County shall include all documents mutually entered into specifically including the contract instrument, the original RFP *as issued* by King County, and the response to the RFP. The contract must include, and be consistent with, the specifications and provisions stated in the RFP.
- M. News releases pertaining to this RFP, the services, or the project to which it relates, shall not be made without prior approval by, and then only in coordination with, the King County Department of Executive Services.
- N. King County Code 4.16.025 prohibits the acceptance of any proposal after the time and date specified on the Request for Proposal. There shall be no exceptions to this requirement.
- O. King County agencies' staffs are prohibited from speaking with potential Proposers about the project during the solicitation.

Please direct all questions to:

Roy L. Dodman / Senior Buyer
(206) 263-4266
roy.dodman@metrokc.gov

NOTE: Documents and other information are available in alternate formats for individuals with disabilities upon advance request by calling Mary Lou Allwine at 206-296-4210 or TTY711.

- P. Protest Procedure - King County has a process in place for receiving protests based upon either proposals or contract awards. If you would like to receive or review a copy, please contact the Buyer named on the front page of this document or call Procurement Services at 206-684-1681.
- Q. Term Service Requirement

If a contract is awarded based on this RFP, it may contain the following provision:

Contract Extension

The initial contract period will be for one (1) year from the start date of the contract. The term of the contract may be extended in one (1) year increments for four (4) additional one-year periods for a total contract duration of five (5) years, in accordance with the County's best interest and at the sole option of the County. Prices shall remain firm for the duration of the contract period. Reasonable price changes based on market conditions and price/cost analysis *may* be requested, if such escalations are based on changes in the U.S. Department of Labor, Bureau of Labor Statistics Consumer Price Index for All Urban Consumers ("CPI-U") for the Seattle-Tacoma-Bremerton Statistical Metropolitan Area for the preceding calendar year. You may obtain information about the CPI-U in general and the Seattle area in particular by visiting the United States Bureau of Labor Statistics web site at <http://www.bls.gov/cpi/>. In the event the CPI-U (or a successor or substitute index) is no longer published, a reliable government or other non-

partisan index of inflation selected by the County shall be used to calculate any adjusted amounts. Requests for any such changes are to be made in writing to the Department of Executive Services, and approved by the County Executive or his/her designee. Any agreed-to change shall take effect at the time of the contract extension and shall remain in effect throughout the extension period. The parties hereto recognize that such changes could be increases or decreases in the prices; both parties are entitled to benefit from such price changes.

- R. Electronic Commerce and Correspondence. King County is committed to reducing costs and facilitating quicker communication to the community by using electronic means to convey information. As such, most Invitations to Bid and Requests for Proposal, as well as related exhibits, appendices, and issued addenda can be found on the King County Internet Web Site, located at <http://www.metrokc.gov/procurement>. Please refer to the "RFPs, RFQs & ITBs / New / Consultants" portion of the site (note: some documents or portions thereof may not be posted on the site. Please note any special messages regarding a particular solicitation). This information is posted at the Web Site as a *convenience* to the public, and is not intended to replace the King County process of formally requesting bid documents and providing the County with contact information for the potential proposer. Each proposer bears the responsibility to confirm the completeness and accuracy of all documents pertaining to a given solicitation, including the receipt of all issued addenda.

If a Proposer downloads a document from the Web Site and does not contact the Procurement Office to obtain a hard copy, the proposer *must* register with the County via the Procurement website. To register, access "Contact Us" on the left side of the screen, then "Vendor Registration". As this point you will need to submit complete information regarding your company and primary contact, as well as additional information you feel is relevant. Please note which document/documents were downloaded.

After proposals have been opened in public, the County will post a listing of the consultants submitting proposals at the King County Internet site. Please refer to the "RFPs, RFQs & ITBs / Awarded / Consultants" portion of the site for a listing, as well as a notification of a final award.

Unless otherwise requested, letters and other transmittals pertaining to this RFP will be issued to the e-mail address noted in our files, and after submittal, noted on the first page of this document. If other personnel should be contacted via e-mail in the evaluation of this proposal, or to be notified of evaluation results, please complete the information in the table below.

Contact Name	Title	Phone	E-mail address

- S. Washington State Public Disclosure Act (RCW 42.17) requires public agencies in Washington to promptly make public records available for inspection and copying unless they fall within the specified exemptions contained in the Act, or are otherwise privileged.
- T. Proposals submitted under this RFP shall be considered public documents and with limited exceptions proposals that are recommended for contract award will be available for inspection and copying by the public. King County may request an electronic copy of your proposal response at a later time for this purpose. This copy may be requested in MS Word format, and delivered either by e-mail or directly delivered on CD.

If a Proposer considers any portion of his/her proposal to be protected under the law, the Proposer shall clearly identify on the page(s) affected such words as "CONFIDENTIAL," "PROPRIETARY" or "BUSINESS SECRET." The Proposer shall also use the descriptions above in the following table to identify the effected page number(s) and location(s) of any material to be considered as confidential (attach additional sheets as necessary). If a request is made for disclosure of such portion, the County will determine whether the material should be made available under the law. If the material is not exempt from public disclosure law,

the County will notify the Proposer of the request and allow the Proposer ten (10) days to take whatever action it deems necessary to protect its interests. If the Proposer fails or neglects to take such action within said period, the County will release the portion of the Proposal deemed subject to disclosure. By submitting a Proposal, the Proposer assents to the procedure outlined in this paragraph and shall have no claim against the County on account of actions taken under such procedure.

Type of exemption	Beginning Page / Location	Ending Page / Location

- U. Proposers are urged to use recycled/recyclable products and both sides of paper for printed and photocopied materials, whenever practicable, in preparing responses to this RFP.
- V. During the solicitation process, King County strongly discourages the transmittal of Company information, brochures, and other promotional materials, other than address, contact and e-mail information, prior to the due date of proposals. Any pre-packaged material received by a potential proposer prior to the receipt of proposals shall not be reviewed by the County.
- W. Bid Identification Label: Please see the Bid Identification Label on the last page of this document.

SECTION II – PROJECT SPECIFICATIONS AND SCOPE OF WORK.

A. Introduction/Background

1. General

The King County Department of Executive Services, Finance and Business Operations Division, Financial Management Section seeks proposals in response to this Request for Proposal (RFP) from qualified and experienced public accounting firms (hereinafter referred to as “Proposers” or “the Proposer”) whose principal officers are independent certified public accountants. The objectives of this RFP are: (1) to obtain proposals for audit services and an opinion on the annual financial statement of the Water Quality Enterprise, (2) to obtain proposal for audit services and opinions on the annual financial statements of both the Water Quality and the Public Transportation Enterprise including the separate agreed upon procedures report prepared for the Federal Transit Administration to comply with National Transit Database (NTD) annual reporting requirements, and (3) to obtain other related services as stated herein.

King County is requesting proposals from qualified public accounting firms to audit the two enterprise agencies annual financial statements for the fiscal years ending December 31, 2006, with King County having the option to extend the contract for auditing enterprises’ financial statements for each of the four (4) subsequent fiscal years. These audits are to be performed in accordance with generally accepted auditing standards, and the NTD report is to be performed in accordance with attestation standards. King County may request limited supplementary services other than audit as detailed in the scope of services.

King County consists of 2,134 square miles, is the largest county in population in the State of Washington and operates under a Home Rule Charter adopted by a vote of the citizens in 1968. King County and the Municipality of Metropolitan Seattle (Metro) were legally merged in 1994 integrating former Metro Transit and Water Quality operations into County departments. These divisions operate as enterprise funds in accordance with the Revised Code of Washington, Chapter 35.58.

The Public Transportation Enterprise (Transit Division) for public transportation serves 1.67 million people. Transit Division responsibilities include but are not limited to: bus service, carpool assistance, vanpools, ridematch services and the accessible service program for senior citizens and disabled riders. The Transit Division operates a fleet of more than 1,300 vehicles which are routinely replaced at the end of their useful lives in compliance with federal guidelines. A significant portion of the funding for the enterprise is from a dedicated sales tax collected within the boundaries of King County. Annually more than \$50 million is awarded to the enterprise in grants from the Federal Transit Administration. The ability of the enterprise to garner these grant funds is dependent upon compliance with National Transit Database requirements.

The Water Quality Division protects and enhances regional water resources by treating wastewater and building high-quality conveyance and treatment facilities. King County operates two major treatment plants, which treat approximately 217 million gallons of wastewater a day. A \$1.6 billion dollar construction project for a third conveyance and treatment facility began in April 2006. Issuance of long-term debt is an integral part of the ongoing capital structure of the Wastewater Treatment Enterprise (and may play a significant role in future Transit activities). Water Quality bond proceeds are committed to the capital program. Operating fund income from user payments is matched to operating expenditures, debt service coverage, reserve requirements, rate stabilization and transfers to capital. In year 2005 Water Quality issue \$200,000,000 of Limited Tax General Obligation bonds. New debt issues will continue annually for the foreseeable future in anticipation of construction of a third treatment plant (Brightwater). In addition to long-term debt, Water Quality is also issuer of up to \$100,000,000 of commercial paper and \$100,000,000 variable rate revenue bonds.

The following table presents an overview of the 2005 audited enterprises' financial position and operating results. Selected financial information from the financial statements for the year ended December 31, 2005:

	King County Public Transportation Enterprise	King County Water Quality Enterprise
Total assets	\$ 1,525,243,409	\$ 2,365,200,483
Total net assets	\$ 1,240,692,989	\$ 327,742,754
Operating revenues	\$ 130,988,154	\$ 221,043,396
Operating expenses	\$ 523,408,321	\$ 171,806,205
Non-operating revenues (expenses)	\$ 356,302,835	\$ (64,398,653)
Grant revenues	\$ 73,230,425	\$ 3,223,088
Transfers	\$ (180,596)	\$ (268,149)
Change in net assets	\$ 36,932,497	\$ (12,206,523)

The County will prepare draft copies of the management's discussion and analysis, financial statements, notes to the financial statements and the Water Quality supplemental schedule. The preparation of confirmations will also be the responsibility of the County. King County financial accountants and enterprise staff will be available to provide reasonable documentation and assistance with such other records as the Proposer may need.

The King County Water Quality and Transit Division's accounting records are maintained in an Oracle general ledger application which is currently in release 11i. The accounts payable, accounts receivable, inventory, purchasing and order management applications share the setup information and are closed into the Oracle general ledger monthly. In addition to the Oracle applications, the Oracle general ledger receives information from the following interfacing systems:

- ARMS cash
- PeopleSoft Payroll and Human Resources
- IVIS – Fixed Assets
- Fleet Focus M5-inventory, work order, payroll
- ESSbase Budget

King County's Information and Telecommunications Services Division (ITS) supports the County's computer mainframe and server systems. Payroll Systems Support and Development (PSSD) in the Finance and Business Operations Division supports the Peoplesoft payroll system.

2. Other Information

- The County's primary bank is Key Bank located in King County, Washington. Operating and capital funds for each enterprise reside within King County's investment pool. The investment pool is audited by the State of Washington State Auditor's Office (SAO). Past auditors have relied on the cash audit work by the SAO - reviewing their workpapers and performing substantive procedures, as necessary.
- King County has retained an actuarial firm regarding calculation of Other Post Employment Benefits (OPEBs) under GASB Statement 45. A preliminary estimate of OPEB potential liability to King County has been made.
- The enterprises do not offer post employment benefits and, consequently, would not have calculations, actuarial requirements, or disclosures related to termination benefits under GASB Statement 47.
- The enterprises have recorded environmental remediation liabilities using current standards (NCGA Statement 4, *Accounting and Financial Reporting Principles for Claims and Judgements and Compensated Absences*, and FASB Statement No. 5, *Accounting for Contingencies*) and are following

closely the Proposed GASB Statement on Accounting and Financial Reporting for Pollution Remediation Obligations (Exposure Draft).

- Deloitte & Touche, L.L.P. has conducted annual audits of the enterprises and the attestation engagement for the National Transit Database report for the last five-year contract period.
- A workspace in close proximity to the accounting records will be provided. A copier, phone, and fax machine will be available. Access to the King County intranet with email and research access to the general ledger system will be available to the auditor on a King County computer. Any other accommodations must be requested in advance of fieldwork or with adequate lead time once on site. Toll calls outside of the County are the sole responsibility of the successful proposer.

B. Scope of Work

1. Audit Water Quality (Only) - Proposal # 1

- a. Audit the statement of net assets and the related statements of revenues, expenses, and changes in net assets, and of cash flows for the King County Water Quality Enterprise for the year ending December 31, 2006; the audit shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. At King County's option, the negotiated contract may be amended on an annual basis to extend services for an additional four (4) reporting years.
- b. Prepare a signed audit report that expresses your independent auditor's opinion on the statement of net assets, the statement of revenues, expenses, and changes in net assets, the statement of cash flows and the accompanying notes to the financial statements. The audit report shall opine as to the compliance or non-compliance of the financial statements with generally accepted accounting principles and identify any significant deficiencies related to the internal control structure, assessment of control risk, material errors and any irregularities or illegal acts.
- c. Audit and express an opinion on the supplemental schedule of net revenues available for debt service coverage for the King County Water Quality Enterprise as required by bond resolutions and County's financial policies.

2. Audits of Water Quality and Public Transportation Enterprises and NTD Report– Proposal # 2

- a. Audit the statements of net assets and the related statements of revenues, expenses, and changes in net assets, and of cash flows for each of the King County Water Quality Enterprise and Public Transportation Enterprises for the year ending December 31, 2006; the audits shall be performed in accordance with generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants. At King County's option, the negotiated contract may be amended on an annual basis to extend services for an additional four (4) reporting years.
- b. Prepare a signed audit report that expresses your independent auditor's opinion on the statements of net assets, the statements of revenues, expenses, and changes in net assets, the statements of cash flows and the accompanying notes to the financial statements. The audit reports shall opine as to the compliance or non-compliance of the financial statements with generally accepted accounting principles and identify any significant deficiencies related to the internal control structure, assessment of control risk, material errors and any irregularities or illegal acts.
- c. Audit and express an opinion on the supplemental schedule of net revenues available for debt service coverage for the King County Water Quality Enterprise as required by bond resolutions and County's financial policies.
- d. Perform agreed upon procedures and issue report(s) as required to comply with the National Transit Database reporting requirements.

3. Both Proposals # 1 and #2 above include the following expectations:
 - a. In advance of, and no later than the entrance conference, provide a detailed list of prepared by client schedules (PBC's) for King County.
 - b. Perform annual entrance and exit interview meetings with Finance and the staffs of the enterprise funds. As appropriate, these meeting should include: the auditor's responsibility under generally accepted auditing standards; significant accounting policies of concern to the enterprises; management judgments and accounting estimates; significant audit adjustments; disagreements with management; difficulties encountered in performing the audit, etc.
 - c. Submit progress reports to, and hold periodic meetings with Finance and enterprise staff in accordance with a schedule mutually agreed upon. The information provided in these status updates shall be sufficiently detailed to provide assurance that the audit is on schedule.
 - d. The Proposer shall communicate in a letter to management any reportable conditions found during the audit(s). A reportable condition shall be defined as a significant deficiency in the design or operation of the internal control structure, which could adversely affect the organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.
 - e. Prepare and submit a management letter to the King County Department of Executive Services and the audited enterprises at the conclusion of the annual audit. The management letter shall report all significant opportunities for practical improvements to internal controls of enterprise operations and procedures which are discovered or observed by you in the course of the audit.
 - f. The Proposer shall be required to make an immediate, written report of all irregularities and illegal acts of which the auditor becomes aware to the appropriate level of King County management and to the County Auditor's Office.
 - g. The Proposer shall provide access to, and copies of, necessary workpapers from the audit to finance staff and the State Auditors Office for use in the preparation and audit of the Comprehensive Annual Financial Report.
 - h. Prepare and submit forty (40) bound copies and an electronic file (PDF format) of each enterprise's financial statements for King County distribution. Prepare the requested number of management letter reports and a PDF file copy.
 - i. Under the contract, King County will not require consents from the outside auditor in relation to bond offerings. A photocopy of the audited financial statement will be inserted into the bond prospectus.
 - j. Under the contract, King County will not require consents from the outside auditor to post audited financial statements and reports on the County's web site.
 - k. The County's Finance and Business Operations management or the King County Chief Accountant shall have the ability to contact the Proposer's partner in charge for resolution of any possible disagreements in accounting interpretations. Should this situation arise, no additional charges shall be incurred by King County.
4. Other services - accounting research and supplementary services. King County requests the Proposer to provide accounting research and limited supplementary services. The services shall include:
 - Provide general consultation on financial reporting matters;
 - Ongoing timely notification of changes proposed or initiated by GASB, Financial Accounting Standards Board (FASB), etc. that may affect King County;
 - Written responses to specific King County questions relating to accounting or reporting issues affecting King County;

- Upon request, provide guidance and opinions on interpretation and implementation of GASB statements and other accounting rules or pronouncements affecting King County;
 - Upon request, provide opinions on and response to exposure drafts of proposed GASB statements that may affect King County;
 - King County will make all requests for the latter two services above in writing.
5. Completion of audit fieldwork should be accomplished no later than April 30th. Fieldwork will be considered complete when the auditor has left the County offices, all adjustments have been proposed by the auditor, and draft financial statements have been provided for final County review. Date for release of the report for printing shall be no later than May 14th of the respective year after the end of fieldwork. At that same time a draft management letter should be delivered.
 6. All working papers and reports for each audit performed must be retained, at the auditor's expense, for a minimum of six (6) years unless the Proposer is notified in writing by King County of the need to extend the retention period. The Proposer will be required to make working papers available, upon written request by King County, to any parties or their designees. In addition, the Proposer shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matters of continuing accounting significance. The Proposer will be required to make working papers available, upon request, to the following parties:
 - King County Finance and Business Operations Division and enterprise staff
 - King County Auditor
 - County Executive Auditor
 - King County federal audit agencies
 - The Washington State Auditor's Office (SAO)
 - Parties designated by Federal or State government or by the County
 7. The County will have the right to use the audited financial statements intact, without prior consent or otherwise from the selected proposer, such as inserting them intact in bond official statements reflecting financial position and operating results of the County as of the audit opinion date.

C. Timeframe

The completion of the audit(s), a report to the King County Finance Business and Operations Director (and the National Transit Database annual report(s) in Proposal # 2), shall be delivered no later than one hundred fifty (150) days after the end of each calendar year.

D. Qualifications and Mandatory Requirements

The following requirements must be met by any proposer for its qualifications to be considered:

1. Certified Public Accountants currently licensed in the State of Washington. An affirmative statement should be included indicating that the Proposer and all assigned key personnel staff are properly registered/licensed to practice in Washington as Certified Public Accountants.
2. Competent in accounting and auditing in accordance with generally accepted audit and accounting standards for governmental clients in the United States of America
3. Shall have national recognition and with a local office within the State of Washington, preferably within King County.
4. Perform services on-site.

E. Cost Proposals

Payment for audit services will be made based on an all-inclusive, not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, with progress payments as mutually determined to be appropriate. The cost proposal shall include 2006 and for the option to renew second (2nd) through the fifth (5th) year the following information:

1. Total estimated hours and an all-inclusive, not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, for the audit of the financial statements; break down the total estimated hours by staff level (e.g. partner, manager, senior, etc.) and show billing rates for each level;
2. A not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, for “accounting research and supplementary” services that are of an ongoing nature;

King County STRONGLY prefers the selected auditing firm provide, at no additional charge, routine consultation regarding recommended accounting procedures and practices, new accounting principles, statutory changes in reporting, and general questions on financial matters throughout the length of the contract. Please state whether this arrangement is acceptable, and if not, what hourly fees would apply

3. A schedule of billing rates by staff level for any “requested” services not of an ongoing nature;
4. It is expected that the Proposer firm has the experience to perform the services and ability to reasonably estimate the resource requirements and costs. The County will be firm on the agreed contract fee for each year and will not be responsible for cost overages incurred by the proposing firm. Only for major extenuating circumstances, in which the County contributed significantly, may any adjustment in compensation be considered by the County.

All costs directly or indirectly related to preparation of a response to this RFP, any oral presentations required to supplement or clarify a proposal, and/or reasonable demonstrations which may be, at its discretion, required by King County shall be the sole responsibility of and shall be borne completely by the Proposer.

SECTION III – RFP DOCUMENT SUBMISSION

A. RFP Document Response Format

Documentation should include a response for both proposals #1 and #2. Responses should be numbered to correspond with the sections below:

1. Proposer Background, Principal Officers and Prior Experience
 - a. Proposer’s qualifications and background
 - b. The type of business entity,
 - c. The size of the firm,
 - d. The size of the firm’s governmental audit staff,
 - e. The location of the office from which the work on the audit engagement is to be performed,
 - f. The number and nature of the professional staff to be employed in the audit engagement on a full-time basis, and
 - g. The number and nature of the staff to be so employed on a part-time basis.
2. Any planned or proposed use of subcontractors must be clearly documented in the Proposal. The proposer selected will be required to serve as the “primary” contractor and shall be completely responsible for all contract services performed and shall specifically assume liability for any and all such services provided by subcontractors. Each subcontractor may be required to submit additional information to King County.
3. References from clients/agencies for which similar work has been performed. Governmental agencies, transportation, sewer utilities.
4. For the Proposer’s office that will be assigned responsibility for the audit, list the most significant audit engagements (maximum of 5) performed in the last three (3) years that are similar to the engagement described in this request for proposal. These engagements should be ranked on the basis of relativity to the current proposal. Selected organizations may be contacted to determine the quality of work performed and personnel assigned to the project. The results of the references will be provided to the

evaluation team and used in scoring the written proposals. Please include the following information for each client reference:

- a. Name of organization
 - b. Scope of work
 - c. Initial dates service started
 - d. Total hours, by type of service if multiple services are provided
 - e. Date of most recent engagement
 - f. List of services being provided
 - g. Responsible official or contact person
 - h. Address and telephone number
 - i. Number of years as a client
 - j. Date audit fieldwork commenced, date audit fieldwork ended, date final signed report was delivered to client (not the date of the audit report)
5. A summary of the number of days between the final date of audit fieldwork and the date the signed final reports are provided to the client, for all non-publicly traded clients.
 6. Proposer's experience with auditing municipal utilities/enterprises in accordance with GAAS, advising municipal utilities/enterprises on information and technology issues, rate development models, debt structuring and any applicable tax matters. Describe your firm's experience in the application of specific accounting principles, such as FAS 71, and environmental remediation. Describe your firm's experience auditing clients with large multibillion dollar construction projects, large debt portfolios, and National Transit Database reporting.
 7. Proposer's controls in place to ensure quality standards have been met for all audit work. Please disclose whether your firm is subject to an external quality control review process. If so, submit a copy of their most recent external quality control review, with a statement whether that quality control review included a review of specific local government and single audit act engagements.
 8. Describe how your firm's compliance with Sarbanes-Oxley would affect an engagement of an agency not subject to these requirements.
 9. The Proposer shall provide information on the results of any federal or state desk reviews or field reviews of its audits during the past three years.
 10. The Proposer shall provide information on the circumstances and status of any disciplinary action taken or pending against the firm during the past three years with state regulatory bodies or professional organizations.
 11. Resumes of firm's staff to be assigned to complete the scope of work and an explanation as to each of their roles. The Proposer should also provide information on the governmental auditing experience of each person, including information on relevant continuing professional education and membership in professional organizations relevant to the performance of this audit. The Proposer must identify the principal supervisory and management staff, including engagement partners, managers, other supervisors and specialists, who will be assigned to the engagement and indicate whether each such person is licensed to practice as a Certified Public Accountant in Washington. The Proposer must indicate how the quality of staff over the term of the agreement will be assured.

Note: Engagement partners, managers, other supervisory staff, and specialists may be changed if those personnel leave the firm, are promoted, or are assigned to another office. These personnel may also be changed for other reasons with the express written permission of King County. However, in either case, King County retains the right to approve or reject replacements. Consultants and firm specialists mentioned in response to this RFP can only be changed with the express written permission of King County, which retains the right to approve or reject replacements.

12. Describe your firm's billing methodology and provide a template of an invoice. King County requests the invoice be sufficient in detail to show the actual hours billed.
13. The Proposer shall provide an affirmative statement that it is independent of King County as defined by generally accepted auditing standards.
14. The Proposal shall set forth a work plan, including an explanation of the audit methodology to be followed to perform the audit services required in this RFP. In developing the work plan, reference must be made to sources of information used to develop the work plan. Proposers will be required to provide the following information on their audit approach:
 - a. Proposed phases of the engagement.
 - b. Level of staff and number of hours to be assigned to each proposed phases of the engagement.
 - c. Sample sizes and the extent to which statistical sampling is to be used in the engagement.
 - d. Extent of use of Electronic Data Processing (EDP) software in the engagement.
 - e. Type and extent of analytical procedures to be used in the engagement.
 - f. Approach to be taken to gain and document an understanding of King County's internal control structure.
 - g. Approach to be taken in determining laws and regulations that will be subject to audit test work.
 - h. Approach to be taken in drawing audit samples for purposes of tests of compliance.
 - i. Assumption methodology to be used for materiality thresholds
 - j. Estimate of the extent, level of involvement and timing of work to be performed by King County personnel during the engagement.
15. The Proposal shall identify in this section any anticipated audit problems, the Proposer's approach to resolving these problems, and any special assistance that will be requested from King County.
16. A separate statement of the Proposer's approach to and understanding of the provision of technical assistance and advice concerning accounting and auditing issues that may arise during the course of the audit must be included. In addition, a discussion of the firm's approach to the level and amount of the County staff support necessary to complete the work as outlined in the proposal must be included.
17. Comment on the Proposer's ability to meet the timelines indicated in the RFP and present a schedule of when information to be provided by King County must be available. The Proposer shall provide any recommended changes to the schedule that might be required to enhance the timelines and quality of the engagement.
18. Describe your firm's capability to audit computerized systems, including the number, classification and location of personnel skilled in computer sciences who will work on the audit.
19. Indicate if your firm has ever failed to complete any work awarded to it. If it has, please indicate the date, where and why?
20. Describe any pending litigation or other factors that could affect your organization's ability to perform this contract.
21. Since data not specifically requested must not be included in the foregoing Proposal sections, give any additional information considered essential to the Proposal in this section. If there is no additional information to present, state "There is no additional information we wish to present."
22. This section shall contain any final remarks or elaboration which the Proposer believes is important for a clear understanding of the proposed services and/or the Proposer's capabilities.
23. Proposers are expected to provide affirmative statements to the following warranties:
 - a. The Proposer warrants that it is willing and able to obtain an errors and omissions insurance policy providing a prudent amount of coverage for the willful or negligent acts, or omissions of any officer, employees to agents thereof

- b. The Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without the express prior written permission of King County
- c. The Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

24. The following Items B and C shall be used for the Cost Proposals:

B. Audit Water Quality (Only) - Proposal # 1 (Exhibit A-1)

- 1. *Rates by Partner, Specialist, Supervisor and Staff Level times hours anticipated for each:*

The first page of the cost proposal should include a schedule of professional fees and expenses, presented in the format provided in Exhibit A-1 that supports the total all-inclusive maximum price.

- 2. *Rates for Additional Professional Services:*

If it should become necessary for the County to request the Proposer to render additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued, then such additional work shall be performed only if set forth in an addendum to the contract between the County and the Proposer. Any such additional work agreed to between the County and the Proposer shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

C. Audit Water Quality and Transit Enterprise – Proposal # 2 (Exhibits B-1 and B-2)

- 1. *Rates by Partner, Specialist, Supervisor and Staff Level times hours anticipated for each:*

The first page of the cost proposal should include a schedule of professional fees and expenses, presented in the format provided in Exhibit B-1 that supports the total all-inclusive maximum price.

- 2. *Rates by Partner, Specialist, Supervisor and Staff Level times hours anticipated for Transit Section 15 work:*

Exhibit B-2 of the cost proposal should include a schedule of professional fees and expenses that supports the total all-inclusive maximum price for the separate Section 15 Transit work.

- 3. *Rates for Additional Professional Services:*

If it should become necessary for the County to request the Proposer to render additional services to either supplement the services requested in this RFP or to perform additional work as a result of the specific recommendations included in any report issued, then such additional work shall be performed only if set forth in an addendum to the contract between the County and the Proposer. Any such additional work agreed to between the County and the Proposer shall be performed at the same rates set forth in the schedule of fees and expenses included in the cost proposal.

SECTION IV – PROPOSAL INFORMATION

A. Evaluation of Proposals

The RFP selection process is scheduled to proceed as outlined below: (some dates are subject to change)

Date	Selection Process
August 31, 2006.....	Public Announcement for Qualifications and Proposals
September 13, 2006	Pre-Proposal Conference
September 22, 2006	Formal Proposals Due
September 25-29, 2006	Technical Evaluation Committee evaluates proposers
October 2-6, 2006	Selection of highest rated Proposer / Interviews, if necessary
Oct 17, 2006	Contract Negotiation/Contract Signature Process/Notice to Proceed

B. Audit Dates (approximate dates provided for planning purposes only)

Date	Selection Process
October 31, 2006	Detail audit plan
November 10, 2006	List of Prepared by Client (PBC) schedules to County
December 2006	Interim Fieldwork and Observations
March 12, 2007	Field work may begin
April 30, 2007	Field work to be completed
May 14, 2007	Final opinion letter(s) to King County
May 21, 2007	Final printed report(s) to King County

C. Client Conferences

- Entrance conference with King County Finance and Enterprise Fund(s) no later than November 10, 2006.
- Weekly status meetings with audit senior and audit manager weekly during fieldwork.
- Exit conference to discuss results of fieldwork upon completion of fieldwork.

D. Evaluation Criteria and Considerations

Proposals will be reviewed, evaluated and finalists selected by a Technical Evaluation Committee (TEC). In accordance with applicable procedures, all information presented by proposers shall be evaluated and ranked by the Technical Evaluation Committee. The process for choosing the successful firm shall include at a minimum an evaluation of the written proposals, and may be in conjunction with presentation/interviews of the proposed consultant team from each proposer. Ten (10) points will be added for Small Economically Disadvantaged Businesses (SEDB) as referenced in Item F of this Section of the RFP. The written proposal will be given a maximum of 110 points in the evaluation process. A presentation/ interview may be conducted with the top two or more proposers if a selection is not made on the basis of the written proposal alone. The presentation/interview will be given a maximum of 40 points in the evaluation process. If presentation/interviews are conducted, the scoring of the proposals will then be the sum of the written and verbal evaluation totaling a maximum possibility of 150 points.

If necessary, oral interviews shall be requested from firms that qualify as finalists. All interviews will be held in accordance with the schedule contained in this document. The TEC will present the required documentation and a proposed finalist to the Director of Finance for approval and award of contract. Selections will be made based upon the following criteria:

Criteria	Maximum Score
Mandatory Requirements	5 points
Prior Auditing Experience	20 points
Audit Approach	20 points
Other	5 points
Proposed fee	50 points
SEDB (see Section II, Item F)	10 points

The proposals will be scored using six sets of criteria. Proposers meeting the mandatory criteria will have their proposals evaluated and scored for both technical qualifications and cost. The following represent the major (but not necessarily all-inclusive) selection criteria which will be considered during the evaluation process.

1. Mandatory Requirements (5 points)
 - a. The audit firm is independent and licensed to practice in the State of Washington
 - b. The firm has no conflict of interest with regards to any other work performed by the firm for the County
 - c. The firm submits a copy of its most recent external quality control review report and the firm has a record of quality audit work
 - d. No disciplinary action has been taken against the audit firm
 - e. Perform services on-site
 - f. Shall have national recognition and with a local office within the State of Washington, preferably within King County
2. Prior Auditing Experience (20 points)
 - a. The organization, size and structure of the firm
 - b. The quality of the firm's professional personnel to be assigned to the engagement and the quality of the firm's management support personnel to be available for technical consultation
 - c. The firm's past experience and performance with similar governmental engagements and local entities.
 - d. The firm's computer audit experience and expertise.
 - e. The firm's resources and experience with all applicable GASB pronouncements.
3. Audit Approach (20 points)
 - Adequacy of proposed staffing plan for various segments of the engagement
 - Adequacy and efficiency of sampling techniques proposed
 - Adequacy of analytical procedures proposed
 - Audit planning and design approach
 - Audit segmentation
 - Extent of "prepared by client" documents required
 - Proposed communication and coordination with County officials, including progress reports, entrance/exit interviews at all levels and committee appearances
4. Other (5 points) - Availability of Proposer for ongoing consultations during the balance of the year
5. Proposed Fee (50 points)

Cost of auditing engagement(s). The maximum score for the price will be assigned to the Proposer offering the lowest total all-inclusive maximum price. Appropriate fractional scores will be assigned to other proposers.

6. Small Economically Disadvantaged Businesses (SEDB) – See Section II, Item F of the RFP (as applicable – 10 points)
7. Oral Presentations (if applicable – up to 40 points)

During the evaluation process, the team may, at its discretion, request a number of proposers to make oral presentations. Such presentations will provide firms with an opportunity to answer any questions the team may have on a Proposer's proposal. Not all proposers may be asked to make such oral presentations. The team may assign evaluation points to the responses to questions asked as part of the oral presentation.

King County reserves the right to require additional technical and pricing information during the evaluation period. Each proposal must designate a person(s) who will be responsible for answering technical and contractual questions.

E. Proposal Terms / Contract Negotiations

All Proposals are valid for a minimum period of 90 days subsequent to the RFP closing date.

Negotiation of a contract will be in conformance with applicable federal, state and local laws, regulations and procedures. The objective of the negotiations will be to reach agreement on all provisions of the proposed contract. King County reserves the right to request the selected Proposer to submit documentation to substantiate the fee information submitted as a part of the proposal. Furthermore, King County may request proof of adequate financial resources which would be available to the consultant for the completion of the work as requested.

King County reserves the right to negotiate all elements included in a Proposal to ensure that the best possible consideration be afforded to all concerned and reserves the right without prejudice to reject any and/or all proposals and to re-solicit for services.

Proposers should be aware that the contents of the successful Proposal will become a part of any subsequent contractual document that may arise from this RFP. Failure of a proposer to accept this obligation may result in the cancellation of any award.

The contract will be prepared under the direction of King County by the Prosecuting Attorney's Office and shall incorporate all applicable provisions. Payment for audit services will be made based on an all-inclusive, not-to-exceed fee estimate, containing all direct and indirect costs including all out-of-pocket expenses, with progress payments as mutually determined to be appropriate. These payments shall be based upon completion of phases of work.

The contract to be awarded shall be for the provisions of audit and other services as requested herein at the estimated fees submitted in the proposal for the first year and, if extended, the second (2nd) through fifth (5th) years of the contract. This is considered an all-inclusive, not-to-exceed fee estimate containing all direct and indirect costs including all out-of-pocket expenses. King County shall agree to make interim payments of the annual audit fee based on percentage of work performed, or an agreed upon schedule.

The contract will contain a provision that King County may terminate the contract at any time it deems the services provided are substandard.

The contract shall be effective October 17, 2006 through October 16, 2007. In addition, the contract shall allow continuation for another four years should both parties agree. The pricing shall be at the rates set forth in response received for this RFP.

King County reserves the right to select a vendor that, in the opinion of King County, will best serve the interests of King County, and not necessarily the vendor with the highest composite score.

After a decision is made, the selected firm must submit a proposed engagement letter covering the audit of fiscal year 2006 to the County for consideration within two (2) weeks of notification.

F. King County Contracting Opportunities Program (SEDB)

The purpose of the King County Contracting Opportunities Program is to maximize the participation of Small Economically Disadvantaged Businesses (SEDB) through the use of rating points in the award of King County competitively bid contracts for the acquisition of technical services. The program is open to all firms that are certified as an SEDB by King County's Business Development and Contract Compliance Office.

A "Small Economically Disadvantaged Business" (SEDB) means that a business and the person or persons who own and control it are in a financial condition, which puts the business at a substantial disadvantage in attempting to compete for public contracts. The relevant financial condition for eligibility under the Program is set at fifty percent (50%) of the Federal Small Business Administration (SBA) small business size standards using the North American Industrial Classification System (NAICS), and an Owners' Personal Net Worth less than \$750K dollars.

A "Certified Firm" means a business that has applied for participation in King County's Contracting Opportunities Program, and has been certified as an SEDB by the King County Business Development and Contract Compliance (BDCC) office. Information about becoming a Certified Firm, as well as a list of Certified Firms, may be obtained by visiting the King County's Contracting Opportunities Program Website address: <http://www.metrokc.gov/exec/bred/bdcc/prog/kccontractopp.htm> or contacting the BDCC office at (206) 205-0700.

In the evaluation of proposals, ten points will be allotted for SEDB participation. King County will count only the participation of SEDBs that are certified by King County at the date and time of proposal submittal. After tabulation of the selection criteria points of all prime submitters, ten (10) points shall be added to the score of all proposals that meet at least one of the two following sub-criterion:

1. If the Prime submitter is a SEDB firm that anticipates performing work for the entire contract unassisted and includes the SEDB certification number on page one of this submittal.
2. If the Prime submitter is not an SEDB but will use SEDBs for at least 5% of the total contract labor hours in the work to be performed in this contract, and who complete the following table and include it in their proposal submission:

SEDB Certification Number	Sub-Consultant Name	Contact Name / Phone	Work to be performed	Percentage of Total Hours

SEDB participation shall be counted only for SEDBs performing a commercially useful function according to custom and practice in the industry. A commercially useful function is defined as a specific scope of work for which the SEDB has the management and technical expertise to perform using its own workforce and resources.

Exhibit A-1

Water Quality (Only) Audit Proposal

**KING COUNTY, WASHINGTON
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDIT OF THE 2006 WATER QUALITY FINANCIAL STATEMENTS**

1. HOURS AND RATES

Classification		Estimated Total Hours		Rate/Hour	Total Cost
*Partner in Charge				\$	\$
*Principal				\$	\$
*Manager 1				\$	\$
*Manager 2				\$	\$
*Senior 1				\$	\$
*Senior 2				\$	\$
Staff Accountants				\$	\$
Junior Accountants				\$	\$
Clerical				\$	\$
Total Labor Costs					\$

Classifications with an asterisk (*) must have resumes in the proposal from your firm and these persons may not be replaced on the King County Audit without prior written permission of King County.

2. TOTAL COSTS NOT TO EXCEED

Exhibit A-1	2006	2007	2008	2009	2010	Total
Total Labor Costs	\$	\$	\$	\$	\$	\$
Total Other Costs	\$	\$	\$	\$	\$	\$
Total Costs	\$	\$	\$	\$	\$	\$

Exhibit B - 1**Water Quality and Transit Enterprise Audit Proposal**

KING COUNTY, WASHINGTON
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES
FOR THE AUDITS OF THE 2006 WATER QUALITY AND TRANSIT FINANCIAL STATEMENTS

1. HOURS AND RATES

Classification		Estimated Total Hours		Rate/Hour	Total Cost
*Partner in Charge				\$	\$
*Principal				\$	\$
*Manager 1				\$	\$
*Manager 2				\$	\$
*Senior 1				\$	\$
*Senior 2				\$	\$
Staff Accountants				\$	\$
Junior Accountants				\$	\$
Clerical				\$	\$
Total Labor Costs					\$

Classifications with an asterisk (*) must have resumes in the proposal from your firm and these persons may not be replaced on the King County Audit without prior written permission of King County.

2. TOTAL COSTS NOT TO EXCEED

Exhibit B-1	2006	2007	2008	2009	2010	Total
Total Labor Costs	\$	\$	\$	\$	\$	\$
Total Other Costs	\$	\$	\$	\$	\$	\$
Total Costs	\$	\$	\$	\$	\$	\$

Exhibit B - 2

**Water Quality and Transit Enterprise Audit Proposal
National Transit Database Report**

**KING COUNTY, WASHINGTON
SCHEDULE OF PROFESSIONAL FEES AND EXPENSES**

1. HOURS AND RATES

Classification		Estimated Total Hours		Rate/Hour	Total Cost
*Partner in Charge				\$	\$
*Principal				\$	\$
*Manager 1				\$	\$
*Manager 2				\$	\$
*Senior 1				\$	\$
*Senior 2				\$	\$
Staff Accountants				\$	\$
Junior Accountants				\$	\$
Clerical				\$	\$
Total Labor Costs					\$

Classifications with an asterisk (*) must have resumes in the proposal from your firm and these persons may not be replaced on the King County Audit without prior written permission of King County.

2. TOTAL COSTS NOT TO EXCEED

Exhibit B-2	2006	2007	2008	2009	2010	Total
Total Labor Costs	\$	\$	\$	\$	\$	\$
Total Other Costs	\$	\$	\$	\$	\$	\$
Total Costs	\$	\$	\$	\$	\$	\$
Exhibit B-1 & B-2	2006	2007	2008	2009	2010	Total
Total Labor Costs	\$	\$	\$	\$	\$	\$
Total Other Costs	\$	\$	\$	\$	\$	\$
Total Costs	\$	\$	\$	\$	\$	\$

SECTION V- NONDISCRIMINATION AND AFFIRMATIVE ACTION

If a contract is awarded from this Request for Proposal, it will contain the following contract language:

PART 1: NON-DISCRIMINATION

- A. King County Code Chapters 12.16, 12.17 and 12.18 are incorporated by reference as if fully set forth herein and such requirements apply to this Contract; provided however, that no specific levels of utilization of minorities and women in the workforce of the Consultant shall be required, and the Consultant is not required to grant any preferential treatment on the basis of race, sex, color, ethnicity or national origin in its employment practices; and provided further that, notwithstanding the foregoing, any affirmative action requirements set forth in any federal regulations, statutes or rules included or referenced in the contract documents shall continue to apply.
- B. During the performance of this Contract, neither the Consultant nor any party subcontracting under the authority of this Contract shall discriminate nor tolerate harassment on the basis of race, color, sex, religion, nationality, creed, marital status, sexual orientation, age, or the presence of any sensory, mental, or physical disability in the employment or application for employment or in the administration or delivery of services or any other benefits under this Contract.
- C. The Consultant shall, prior to the commencement of the work and during the term of this Contract, furnish the County, upon request and on such forms as may be provided by the County, a report of the affirmative action taken by the Consultant in implementing the terms of this section. The Consultant will permit access by the County to the Consultant's records of employment, employment advertisements, application forms, other pertinent data and records related to this Contract for the purpose of monitoring and investigation to determine compliance with these requirements.
- D. The Consultant shall implement and carry out the obligations contained in its Affidavit and Certificate of Compliance regarding equal employment opportunity. Failure to implement and carry out such obligations in good faith may be considered by the County as a material breach of this Contract and grounds for withholding payment and/or termination of the Contract and dismissal of the Consultant.
- E. The Consultant shall comply fully with all applicable federal, state and local laws, ordinances, executive orders and regulations that prohibit such discrimination. These laws include, but are not limited to, RCW Chapter 49.60 and Titles VI and VII of the Civil Rights Act of 1964.
- F. During the performance of this Contract, neither the Consultant nor any party subcontracting under the authority of this Contract shall engage in unfair employment practices. It is an unfair employment practice for any:
 - 1. Employer or labor organization to discriminate against any person with respect to referral, hiring, tenure, promotion, terms, conditions, wages or other privileges of employment;
 - 2. Employment agency or labor organization to discriminate against any person with respect to membership rights and privileges, admission to or participation in any guidance program, apprenticeship training program, or other occupational training program;
 - 3. Employer, employment agency, or labor organization to print, circulate, or cause to be printed, published or circulated, any statement, advertisement, or publication relating to employment or membership, or to use any form of application thereof, which indicates any discrimination unless based upon a bona fide occupation qualification;
 - 4. Employment agency to discriminate against any person with respect to any reference for employment or assignment to a particular job classification;
 - 5. Employer, employment agency or a labor organization to retaliate against any person because this person has opposed any practice forbidden by KCC Chapter 12.18 or because that person has made a charge, testified or assisted in any manner in any investigation, proceeding or hearing initiated under the provisions of KCC Chapter 12.18;
 - 6. Publisher, firm, corporation, organization or association printing, publishing or circulating any newspaper, magazine or other written publication to print or cause to be printed or circulated any

advertisement with knowledge that the same is in violation of KCC Chapter 12.18.030C., or to segregate and separately designate advertisements as applying only to men and women unless such discrimination is reasonably necessary to the normal operation of the particular business, enterprise or employment, unless based upon a bona fide occupational qualification; and/or

7. Employer to prohibit any person from speaking in a language other than English in the workplace unless:
 - a. The employer can show that requiring that employees speak English at certain times is justified by business necessity, and
 - b. The employer informs employees of the requirement and the consequences of violating the rule.

PART 2: REQUIRED SUBMITTALS

- A. All Consultants entering into a contract or agreement with King County valued at \$25,000 or more shall, after the Proposer receives written notice of selection, submit the following:
 1. A Personnel Inventory Report on the form provided by the County.
 2. An Affidavit of Compliance demonstrating the Consultant's commitment to comply with the provisions of KCC Chapter 12.16.
 3. A Sworn Statement of Compliance with 12.16 from any labor union or employee referral agency that refers workers or employees or provides or supervises training programs from whom the Consultant obtains employees.
- B. The County will not execute any agreement or contract without prior receipt of fully executed forms listed in subparagraph A above.
- C. Assistance with the requirements of this Section and copies of Chapters 12.16, 12.17 and 12.18 are available from the Business Development & Contract Compliance (BDCC) Section, phone (206) 205-0700.

PART 3: NONDISCRIMINATION IN SUBCONTRACTING PRACTICES

- A. Compliance with Initiative 200. In accordance with the provisions of Washington Initiative 200, no County Minority and Women Business (M/WBE) utilization requirements shall apply to this Contract. No minimum level of M/WBE sub-consultant participation or purchase from M/WBE certified vendors is required and no preference will be given by the County to a bidder or Proposer for their M/WBE utilization or M/WBE status. Provided, however, that any affirmative action requirements set forth in any federal regulations or statutes included or referenced in the Contract documents will continue to apply.
- B. Non-Discrimination. During the term of this Contract, the Consultant shall not create barriers to open and fair opportunities to participate in County contracts or to obtain or compete for contracts and subcontracts as sources of supplies, equipment, construction and services. In considering offers from and doing business with sub-consultants and suppliers, the Consultant shall not discriminate against any person on the basis of race, color, creed, religion, sex, age, nationality, marital status, sexual orientation or the presence of any mental or physical disability in an otherwise qualified disabled person.

During the performance of work performed under any Agreement resulting from this RFP, neither the consultant nor any party subcontracting under the authority of the agreement shall discriminate or engage in unfair contracting practices prohibited by K.C.C. 12.17.

- C. Record-Keeping Requirements. The Consultant shall maintain, for at least 6 years after completion of all work under this contract, records and information necessary to document its level of utilization of M/WBEs and other businesses as sub-consultants and suppliers in this contract and in its overall public and private business activities for the same period. The Consultant shall also maintain, for at least 6 years after completion of all work under this contract, all written quotes, bids, estimates or proposals submitted to the Consultant by all businesses seeking to participate on this Contract. Consultant shall make such documents available to the County for inspection and copying upon request. If this contract involves

federal funds, Consultant shall comply with all record keeping requirements set forth in any federal rules, regulations or statutes included or referenced in the contract documents.

D. Open Competitive Opportunities. King County encourages the utilization of minority owned businesses ("MBEs") and women-owned businesses ("WBEs")(collectively, "M/WBEs") in County contracts. The County encourages the following practices to promote open competitive opportunities for small businesses including M/WBEs:

1. Attending a pre-bid or pre-solicitation conference, if scheduled by the County, to provide project information and to inform M/WBEs and other firms of contracting and subcontracting opportunities.
2. Placing all qualified small businesses attempting to do business in King County, including M/WBEs, on solicitation lists, and providing written notice of subcontracting opportunities to M/WBEs and all other small businesses capable of performing the work, including without limitation all businesses on any list provided by the County, in sufficient time to allow such businesses to respond to the written solicitations.
3. Breaking down total requirements into smaller tasks or quantities, where economically feasible, in order to permit maximum participation by small businesses including M/WBEs.
4. Establishing delivery schedules, where the requirements of this contract permit, that encourage participation by small businesses, including M/WBEs.
5. Providing small businesses including M/WBEs that express interest with adequate and timely information about plans, specifications, and requirements of the contract.
6. Utilizing the services of available community organizations, Consultant groups, local assistance offices, the County, and other organizations that provide assistance in the recruitment and placement of small businesses including M/WBEs.

Further, the County encourages small businesses, including M/WBEs, to participate in the following practices to promote open competitive opportunities:

1. Attending a pre-bid or pre-solicitation conference, if scheduled by the County, to receive project information and to inform prime bidders/proposers of contracting and subcontracting capabilities.
2. Requesting placement on solicitation lists, and receipt of written notice of subcontracting opportunities.
3. Utilizing the services of available community organizations, Consultant groups, local assistance offices, the County, and other organizations that provide assistance in the recruitment and placement of small businesses and M/WBEs.

E. Sanctions for Violations. Any violation of the mandatory requirements of the provisions of this Section shall be a material breach of contract for which the Consultant may be subject to damages and sanctions provided for by contract and by applicable law.

PART 4: REQUIREMENTS DURING WORK

A. Site Visits

King County may at any time visit the site of the work and the Consultant's office to review records related to actual utilization of and payments to subcontracting firms. The Consultant shall maintain sufficient records necessary to enable King County to review utilization of subcontracting firms. The Consultant shall provide every assistance requested by King County during such visits.

PART 5: COMPLIANCE WITH SECTION 504 OF THE REHABILITATION ACT OF 1973, AS AMENDED AND THE AMERICANS WITH DISABILITIES ACT OF 1990

The Consultant shall complete a Disability Self-Evaluation Questionnaire for all programs and services offered by the Consultant (including any services not subject to this Contract) and shall evaluate its services, programs and employment practices for compliance with Section 504 of the Rehabilitation Act of 1973, as amended ("504"), and the Americans with Disabilities Act of 1990 ("ADA"). The Consultant shall complete a 504/ADA Disability Assurance of Compliance prior to execution of a contract.

SECTION VI - GENERAL CONTRACT REQUIREMENTS

PART 1: TERMINATION CLAUSES

- A. This Contract may be terminated by the County without cause, in whole or in part, upon providing the Consultant ten (10) calendar days' advance written notice of the termination.

If the Contract is terminated pursuant to this Section IV, paragraph A: (1) the County will be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination; and (2) the Consultant shall be released from any obligation to provide further services pursuant to the Contract.

- B. The County may terminate this Contract, in whole or in part, upon five (5) calendar days' advance written notice in the event: (1) the Consultant materially breaches any duty, obligation, or services required pursuant to this Contract, or (2) the duties, obligations, or services required herein become impossible, illegal, or not feasible.

If the Contract is terminated by the County pursuant to this Subsection IV(B) (1), the Consultant shall be liable for damages, including any additional costs of procurement of similar services from another source.

If the termination results from acts or omissions of the Consultant, including but not limited to misappropriation, nonperformance of required services or fiscal mismanagement, the Consultant shall return to the County immediately any funds, misappropriated or unexpended, which have been paid to the Consultant by the County.

- C. If expected or actual funding is withdrawn, reduced or limited in any way prior to the termination date set forth above in Section II or in any amendment hereto, the County may, upon written notice to the Consultant, immediately terminate this Contract in whole or in part.

If the Contract is terminated pursuant to this Section IV, paragraph C: (1) the County will be liable only for payment in accordance with the terms of this Contract for services rendered prior to the effective date of termination; and (2) the Consultant shall be released from any obligation to provide further services pursuant to the Contract.

Funding under this Contract beyond the current appropriation year is conditional upon appropriation by the County Council of sufficient funds to support the activities described in this Contract. Should such an appropriation not be approved, this contract will terminate at the close of the current appropriation year.

- D. Nothing herein shall limit, waive, or extinguish any right or remedy provided by this Contract or law that either party may have in the event that the obligations, terms and conditions set forth in this Contract are breached by the other party.

PART 2: INDEMNIFICATION AND HOLD HARMLESS

- A. In providing services under this Contract, the Consultant is an independent contractor, and neither the Consultant nor its officers, agents or employees are an employee of the County for any purpose. The Consultant shall be responsible for all federal and/or state tax, industrial insurance, and Social Security liability that may result from the performance of and compensation for these services and shall make no claim of career service or civil service rights which may accrue to a County employee under state or local law.

The County assumes no responsibility for the payment of any compensation, wages, benefits or taxes to, or on behalf of, the Consultant, its employees or others by reason of this Contract. The Consultant shall protect, indemnify and save harmless the County, its officers, agents and employees from and against any and all claims, costs and/or losses whatsoever occurring or resulting from 1) the Consultant's failure to pay any such compensation, wages, benefits or taxes; and 2) the supplying to the Consultant of work, services, materials and/or supplies by Consultant employees or other suppliers in connection with the performance of this Contract.

- B. The Consultant further agrees that it is financially responsible for and shall repay the County all indicated amounts following an audit exception which occurs due to the negligence, intentional acts or failure for any reason to comply with the terms of this Contract by the Consultant, its officers, employees, agents and/or

representatives. This duty to repay the County shall not be diminished or extinguished by the prior termination of the Contract pursuant to the Duration of Contract, or the Termination section.

- C. The Consultant shall protect, defend, indemnify, and save harmless the County, [and the State of Washington (when any funds for this Contract are provided by the State of Washington)] their officers, employees, and agents from any and all costs, claims, judgments, and/or awards of damages, arising out of or in any way resulting from the negligent acts or omissions of the Consultant, its officers, employees, and/or agents. The Consultant agrees that its obligations under this subparagraph extend to any claim, demand and/or cause of action brought by or on behalf of any of its employees or agents. For this purpose, the Consultant by mutual negotiation, hereby waives, as respects the County only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 RCW. In the event that County incurs attorney fees and/or costs in the defense of claims, for damages within the scope of this section, such fees and costs shall be recoverable from the Consultant. In addition King County shall be entitled to recover from the Consultant fees, and costs incurred to enforce the provisions of this section.

Claims shall include, but not be limited to, assertions that the use or transfer of any software, book, document, report, film, tape, or sound reproduction or material of any kind, delivered hereunder, constitutes an infringement of any copyright, patent, trademark, trade name, or otherwise results in unfair trade practice.

Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this agreement.

PART 3: INSURANCE

The selected Consultant shall furnish Commercial General Liability, to include Products and Completed Operations, in the amount of \$1,000,000 combined single limit; \$2,000,000 aggregate. In addition, evidence of Workers' Compensation and Stop-Gap Employer's Liability for a limit of \$1,000,000 shall be provided. Further, the selected consultant shall furnish Professional Liability, Error & Omissions with a limit of \$1,000,000.

Such policy/policies shall endorse King County, and its appointed and elected officials, officers, agents and employees as additional insureds.

King County reserves the right to approve deductible/self-insured retention levels and the acceptability of insurers.

PART 4: CORRECTIVE ACTION

If the County determines that a breach of contract has occurred, that is the Consultant has failed to comply with any terms or conditions of this Contract or the Consultant has failed to provide in any manner the work or services agreed to herein, and if the County deems said breach to warrant corrective action, the following sequential procedure will apply:

- A. The County will notify the Consultant in writing of the nature of the breach;
- B. The Consultant shall respond in writing within three (3) working days of its receipt of such notification, which response shall indicate the steps being taken to correct the specified deficiencies. The corrective action plan shall specify the proposed completion date for bringing the Contract into compliance, which date shall not be more than ten (10) days from the date of the Consultant's response; unless the County, at its sole discretion, specifies in writing an extension in the number of days to complete the corrective actions;
- C. The County will notify the Consultant in writing of the County's determination as to the sufficiency of the Consultant's corrective action plan. The determination of sufficiency of the Consultant's corrective plan shall be at the sole discretion of the County;
- D. In the event that the Consultant does not respond within the appropriate time with a corrective action plan, or the Consultant's corrective action plan is determined by the County to be insufficient, the County may commence termination of this Contract in whole or in part pursuant to Section IV.B;

- E. In addition, the County may withhold any payment owed the Consultant or prohibit the Consultant from incurring additional obligations of funds until the County is satisfied that corrective action has been taken or completed; and
- F. Nothing herein shall be deemed to affect or waive any rights the parties may have pursuant to Section IV, Termination Clauses, Subsections A, B, C, and D.

PART 5: ASSIGNMENT/SUBCONTRACTING

- A. The Consultant shall not assign or subcontract any portion of this Contract or transfer or assign any claim arising pursuant to this Contract without the written consent of the County. Said consent must be sought in writing by the Consultant not less than fifteen (15) calendar days prior to the date of any proposed assignment.
- B. "Subcontract" shall mean any agreement between the Consultant and a Subcontractor or between Subcontractors that is based on this Contract, provided that the term "subcontract" does not include the purchase of (i) support services not related to the subject matter of this contract, or (ii) supplies.

SECTION VII - ADDITIONAL INFORMATION & REQUIREMENTS

- A. Non-Discrimination in Benefits to employees with Domestic Partners

King County's Equal Benefits (EB) Ordinance 14823 states that to be eligible for award of contracts at a cost of \$25,000.00 or more, firms must not discriminate in the provisions of employee benefits between employees with spouses, and employees with domestic partners. The successful Contractor, bidder or proposer shall be required to complete a Worksheet and Declaration form. Compliance with Ordinance 14823 is a mandatory condition for execution of a contract. The EB Compliance forms are available online at: <http://metrokc.gov/procurement/forms/eb.aspx>.

- B. Disclosure – Conflict of Interest

King County Code Chapter 3.04 is incorporated by reference as if fully set forth herein and the Consultant agrees to abide by all the conditions of said Chapter. Failure by the Consultant to comply with any requirements of this Chapter shall be a material breach of contract.

1. The Consultant covenants that no officer, employee, or agent of the County who exercises any functions or responsibilities in connection with the planning and implementation of the scope of services funded herein, or any other person who presently exercises any functions or responsibilities in connection with the planning and implementation of the scope of services funded herein shall have any personal financial interest, direct or indirect, in this Contract. The Consultant shall take appropriate steps to assure compliance with this provision.
2. If the Consultant violates the provisions of Section V (1) or does not disclose other interest required to be disclosed pursuant to King County Code Section 3.04.120, as amended, the County will not be liable for payment of services rendered pursuant to this Contract. Violation of this Section shall constitute a substantial breach of this Contract and grounds for termination pursuant to Section IV (B) above as well as any other right or remedy provided in this Contract or law.
3. The King County Board of Ethics maintains a website that provides information regarding King County ethics requirements. To review specific areas of the Code of Ethics that relate to contractors and vendors, follow this path: <http://www.metrokc.gov/ethics>, and access 1) The Code of Ethics, "Employee Code of Ethics 3.04", and 2) Advice and Guidance "Doing Business with Contractors, Vendors, Clients and Customers". Under "Employee Code of Ethics 3.04", there are two areas of the code that speak specifically to contractors: 3.04.060 B1 (attempting to secure preferential treatment) and 3.04.120 (disclosure of interests by consultants requirement). There are other sections under conflict of interest, 3.04.030 that are directed to employees and govern their relationships with contractors.

- C. Recycled/Recyclable Products

It is the policy of King County to use recycled materials to the maximum extent practicable (King County Code Chapter 10.16). Consultants able to supply products containing recycled materials that meet

performance requirements are encouraged to offer them in bids and proposals and to use them wherever possible in fulfillment of contracts.

The Consultant shall use recycled paper for the production of all printed and photocopied documents related to the fulfillment of this Contract and shall ensure that, whenever possible, the cover page of each document printed on recycled paper bears an imprint identifying it as recycled paper. If the cost of recycled paper is more than fifteen percent higher than the cost of non-recycled paper, the Consultant may notify the Contract Administrator, who may waive the recycled paper requirement. The Consultant shall use both sides of paper sheets for copying and printing and shall use recycled/recyclable products wherever practical in the fulfillment of this Contract.

D. Proprietary Rights

The parties to this Contract hereby mutually agree that if any patentable or copyrightable material or article should result from the work described herein, all rights accruing from such material or article shall be the sole property of the County. The foregoing shall not apply to existing training materials, consulting aids, check lists and other materials and documents of the Consultant which are modified for use in the performance of this Contract.

E. Supported Employment Program

King County encourages the creation of supported employment programs for developmentally and/or severely disabled individuals. The County itself has such a program and is actively seeking to do business with those contractors and consultants that share this employment approach. If your firm has such a program, or intends to develop such a program during the life of this contract, please submit documentation supporting this claim with your bid/proposal/qualifications. If you have questions, or need additional information, please contact Ray Jensen, Community & Human Services, Developmental Disabilities Division, (206) 296-5268 or the County's Business Development and Contract Compliance Section at (206) 205-0700.

SECTION VIII - MAINTENANCE OF RECORDS/AUDITS

- A. The Consultant shall maintain, and shall require any sub-consultant to maintain, accounts and records, including personnel, property, financial and programmatic records and other such records as may be deemed necessary by the County to ensure proper accounting for all project funds and compliance with this Contract. All such records shall sufficiently and properly reflect all direct and indirect costs of any nature expended and services provided in the performance of this Contract. The Consultant shall make such documents available to the County for inspection, copying, and auditing upon request.
- B. All records referenced in subsection (A) shall be maintained for a period of six (6) years after completion of work or termination hereof unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14, or unless a longer retention period is required by law.
- C. The Consultant shall provide access to its facilities, including those of any sub-consultant, to the County, the state and/or federal agencies or officials at all reasonable times in order to monitor and evaluate the services provided under this Contract. The County will give advance notice to the Consultant in the case of fiscal audits to be conducted by the County.
- D. The Consultant agrees to cooperate with the County or its designee in the evaluation of services provided under this Contract and to make available all information reasonably required by any such evaluation process. The results and records of said evaluation shall be maintained and disclosed in accordance with RCW Chapter 42.17.
- E. If the Consultant received a total of \$500,000.00 or more in federal financial assistance during its fiscal year from the County, and is a non-profit organization or institution of higher learning or a hospital affiliated with an institution of higher learning, and is, under this Contract, carrying out or administering a program or portion of a program, it shall have an independent audit conducted of its financial statement and condition, which shall comply with the requirements of GAAS (generally accepted auditing standards), GAO's Standards for Audits of Governmental Organizations, Programs, Activities, and Functions and OMB Circulars A-

133 and A-128, as amended and as applicable. Consultants receiving federal funds from more than one County Department or Division shall be responsible for determining of the combined financial assistance is equal or greater than \$500,000.00. The Consultant shall provide one copy of the audit report to each County division providing federal financial assistance to the Consultant no later than six (6) months subsequent to the end of the Consultant's fiscal year.

SECTION IX – REQUIRED FORMS

The following completed forms will be required from the selected contractor, prior to contract award:

- A. King County Personnel Inventory Report
- B. Affidavit and Certificate of Compliance with King County Code 12.16
- C. Statement of Compliance - Union or Employee Referral Agency Statement (if applicable)
- D. King County Code 3.04.120 and Consultant Disclosure Form
- E. 504/ADA Disability Assurance of Compliance and Corrective Action Plan
- F. Equal Benefits Compliance Declaration Form

Copies of these forms are available by contacting the King County Procurement and Contract Services Division. They are available in paper form, or may be obtained via e-mail. Please contact Cathy Betts at 206-263-4267 or Roy L. Dodman at 206-263-4266, or by sending an e-mailed request to cathy.betts@metrokc.gov or roy.dodman@metrokc.gov.

SECTION X – BID PROPOSAL CHECKLIST

- A. One (1) signed copy of entire RFP package.
- B. One (1) signed copy of any Addendum that was issued. (If it has signature box at bottom of first page, it must be returned.)
- C. One (1) unbound copy of proposal response marked "Original."
- D. Six (6) copies of proposal response.
- E. Complete the Bid Identification Label below (or reasonable facsimile) and attach it to a prominent place on the exterior of the submission envelope, box, etc.

U R G E N T – SEALED BID ENCLOSED Do Not Delay – Deliver Immediately	
U R G E N T	 King County King County Procurement & Contract Services Section Exchange Building, 8 th Floor 821 2nd Ave., EXC-FI-0862 Seattle, WA 98104-1598
	Bid No. RFP 138-06RLD
	Bid Title FMS - Enterprise Audits Water Quality and Transit
	Due Date Vendor
U R G E N T	